

## INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)\*

To the Shareholders of AS Merko Ehitus

1. In accordance with § 437 of Commercial Code we have examined the division plan (the Division Plan) of AS Merko Ehitus (the Company Being Divided), from which a copy confirmed by Tarvo Puri, notary of Tallinn, on 30 April 2008 was presented to us. Recipient Company is AS Merko Ehitus (being founded) to be founded upon the division.
2. As per Division Plan the Company Being Divided will be divided by separation so that it will transfer part of its assets to Recipient Company according to the terms and conditions specified in clause 5.1 to 5.4 of the Division Plan.
3. As a result of the division, the shareholders of the Company Being Divided will become the shareholders of the Recipient Company and will hold 100% of the share capital of the Recipient Company. According to the Division Plan the exchange ratio of the shares to be transferred to the shareholders of the Company Being Divided is one to one, i.e. each shareholder of the Company Being Divided will receive one share of the Recipient Company per each share of the Company Being Divided. No additional payments will be made at division. No difficulties relating to the determination of the exchange ratio became evident from the Division Plan.

### Management Board's Responsibility

4. Management Board is responsible for the preparation of the Division Plan in accordance with Commercial Code. This responsibility includes determination of the exchange ratio of the shares to be transferred and preparation and fair presentation of the financial statements of the Company Being Divided, requiring designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

5. In accordance with Commercial Code our responsibility is to express an opinion based on the Division Plan, as to whether there is a reason to believe that the division may bring about damage to the interest of the creditors of the Company Being Divided, and that the share exchange ratio is not appropriate consideration for the shareholders of the Company Being Divided.
6. We conducted our examination in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

7. Our work is based on the assumption that all information presented to us is correct, complete and no corrections, changes or additions have been made to the documents after presenting these to us.
8. Our report has been compiled on the Division Plan prepared at date referred above. We have no responsibility to update our report to take into account the events and circumstances that occur after the compilation date of the Division Plan.
9. In addition to the Division Plan the audited financial statements of the Company Being Divided for the financial year ending 31 December 2007 were taken into account when preparing our report.

**Opinion**

10. Based on our work described in this report, nothing has come to our attention that causes us to believe that the division may bring about damage to the interest of the creditors of the Company Being Divided.
11. Based on our work described in this report, nothing has come to our attention that causes us to believe that the share exchange ratio is not appropriate consideration for the shareholders of the Company Being Divided.

**Restriction of use**

12. The report has been compiled solely to be presented to the shareholders of the Company Being Divided and to the commercial register in relation to the division and it cannot be used for any other purpose. The report should not be taken as a recommendation in the decision-making process over the division. This report should only be used with the Division Plan referred in § 1.

/signed/

Urmas Kaarlep  
AS PricewaterhouseCoopers

30 April 2008

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*\* This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*